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UNCLAS WARSAW 001438

SIPDIS

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STATE FOR EB/IFD/OIA HGOETHERT  
STATE FOR L/CID SMCDONALD  
STATE FOR EUR/NCE BPUTNEY  
STATE PASS USTR  
COMMERCE FOR 4232/ITA/MAC/EUR/OECA/MROGERS

E.O. 12958: N/A

TAGS: [EINV](#) [CASC](#) [KIDE](#) [OPIC](#) [PGOV](#) [PL](#)

SUBJECT: POLAND: ANNUAL INVESTMENT DISPUTE REPORT

REF: STATE

¶1. (SBU) Post is unaware of any ongoing expropriation disputes involving Poland and U.S. companies or citizens. However, on April 29, 2004, Cargill filed a request for arbitration with the Polish Government relating to its investment in an isoglucose plant in Wroclaw. In 1995, Cargill invested \$90 million to build an isoglucose sweetener production facility, which opened in May 2001. The plant was built with a capacity of 120,000 metric tons per year. As part of Poland's EU accession negotiations, the EU imposed an 27,000 ton annual isoglucose quota on Poland, which limited the ability of Cargill to utilize its investment. In February, 2003 Cargill notified the Polish Government it would seek international arbitration under Article 3 of the UNCITRAL rules unless the two sides could reach an amicable solution. A hearing on the case was held in May, 2006 and the court is considering new documents provided by the GOP after the original discovery deadline. The arbitration case is still ongoing as of June, 2007. Company officials hope to receive a final ruling in August or September, 2007. The Polish government has not made an offer to settle the dispute.

¶2. (U) Poland

(U) The United States Government is aware of one claim of a U.S. claimant that may be outstanding against the Government of Poland.

¶1. a. Claimant A

b. 2003

c. In 1995, Claimant A, an American company, invested in a sugar substitute production facility, which opened in May, ¶2001. In late 2001, the Polish Government implemented a national production quota on sugar substitutes. Then in EU accession discussions, the GOP agreed to an even lower quota on sugar substitutes with the EU. These quotas limit the ability of Claimant A to utilize its investment. In February, 2003, Claimant A notified the Polish Government it would seek international arbitration under Article 3 of the UNCITRAL rules unless the two sides could reach an amicable solution. A hearing was held in May, 2006. As of June 2007, discussions between Claimant A and the Polish Government are continuing.  
ASHE